



CalHOME Down Payment Assistance Program

**Community Development Department –
Housing Authority Division**

2013 Lender Training

October 24, 2013

OVERVIEW

- **Purpose**
- **Eligibility Requirements**
- **CalHOME Terms & Conditions**
- **Income Qualifying**
- **Roles and Responsibilities**
- **Application Processing**



CalHOME Program

- **State Department of Housing and Community Development**
 - To support existing homeownership programs targeted at lower and very-low income households and operated by private nonprofits and local governments agencies...”
 - Mortgage Assistance Program (DPA)
 - Owner-Occupied Rehabilitation Program



Eligibility Requirements

Household Income	At or below 80% AMI
Sales Price	Not to exceed \$250,000
Maximum Subsidy Amount	Up to 25% of sales price or \$50,000 (whichever is less)
Eligible Properties	Single-family homes, townhomes/condominiums, and manufactured homes located in the Riverside city limits
Homeowner Contribution	Applicant must be able to contribute a minimum of 3% of the purchase price
First Time Homebuyer	Applicant cannot have owned a home in the last three years
Owner-Occupancy	Home must remain owner-occupied during the life of the loan
FICO Credit Score	620 minimum (or consistent with FHA guidelines)



2013 Maximum Annual Household Income Limits

Household Size	80% AMI
1	\$37,550
2	\$42,900
3	\$48,250
4	\$53,600
5	\$57,900
6	\$62,200
7	\$66,500
8	\$70,800



Eligible Properties

- Located within the Riverside city limits
- Meet City Permit Standards
- Property Types:
 - Single-family homes
 - Townhomes/condominiums
 - Manufactured homes
 - Fixed to a Permanent Foundation

** Pre-approval must be obtained first before an offer is made on a property*



Eligible Properties (Cont'd)

- Standard Sales
- Real Estate Owned (REO)
 - Vacant for 90 days
- In Danger of Foreclosure
- Short Sale (voluntary sale)
- Owner-occupied only



Property Standards

- Housing Quality Standards
- Free of health and safety issues
- Code violations

For rehabilitation funds, please check with a lender to qualify for HUD's 203(k) rehabilitation loan.



Buyer Contribution \$\$

- **3% of Purchase Price**
 - May include Gift Funds not to Exceed 2%
- **1% Reserve of purchase price for contingencies prior to the close of escrow**
 - Applicant must provide funding statements with a minimum balance of 4% with application packet and at the close of escrow
- **Family Assets Shall Not Exceed 12 months of household's income**



First Time Homebuyer Criteria

- **No Prior Home Ownership for Past 3 Years**
 - Last 3 Years Tax Return for Verification
- **Must be a US Citizen or Qualified Alien**
- **Must attend a Hud-Approved 8-hour Homebuyer Education Class**



Credit Score

- **Minimum Credit Score:**
 - 620 or Consistent with FHA
- **Bankruptcy Discharged 4 Years**
- **Judgments, Collection, Involuntary Liens Paid**
- **No Delinquencies in the past 24 months**
- **No Past Due Accounts**



Loan Terms and Conditions

- **First Mortgage Loans:**
 - 30-year term
 - Fixed interest rate at or below market rate
 - Not more than 95% of median purchase price
 - Shall not include:
 - Provisions for negative amortizations
 - Principal increases of deferred interest
 - Graduated payment loans



Loan Terms and Conditions

- **CalHOME Loans:**
 - 30-Year Term @ 3% interest rate
 - Payments deferred for the term of loan
 - Loan Payable upon:
 - Sale or transfer of property
 - When property is no longer owner-occupied
 - The loan maturity date
 - Shall be secured by the property
 - CalHOME financing is intended to be “gap” financing....!



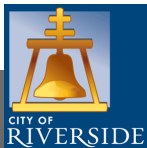
Closing Costs

DPA funds can be used to pay for the buyer's closing costs providing the cost does not exceed 3% of the loan amount...



Calculating Income

- Underwriting Procedures
- Current gross earnings - annualize forward 12 months
 - OT, Commission, Tips/Bonuses and Fees
- Income verification must be current
 - Not more than six months at time of loan approval



Calculating Income...

- **Self-employed Borrower**
 - Use net income
- **Seasonal workers**
 - Determine flow of pay and use YTD

Other Income...

- Interest and Dividends
- Periodic Payments
- Unemployment/Disability Payments
- Public Assistance



Debt Ratios

- **Housing Ratio (Front End):**
 - **Min - 25%**
 - **Max - 35%**
- **Debt-to-income Ratio (Back End):**
 - **Max Debt-to-Income Ratio - 42%**
- **Included in the Debt-to-Income Ratio:**
 - **Co-signed, Deferred & Secured Loans**



Lender's Role

- **Lender Participation Agreement**
 - Signed by two Corporate Officers (**Attachment**)
 - Corporate Resolution required
- **Lender Participation Fee**
 - \$100 per Loan Officer
 - \$50 for amendments (moves)



Lender's Role

- **Pre-qualifies borrowers simultaneously for both loans**
- **Informs all parties involved about the DPA Program details and guidelines**
 - Borrower, Realtor, etc.
- **Submits DPA application to the City staff for review and approval**



Borrower Requirements

- Application fee of \$100
 - *Refunded if application not approved*
- Additional information as needed
- Homebuyer Education Class
- CalHOME DPA Program Documents:
 - Promissory Note
 - Deed of Trust
 - Loan Agreement
 - Disclosure Statement



Application Processing

- **10 Business Day Review**
- **Selection of Property - Phase II**
- **Applications on First-Come, First-Served Basis**
- **From City Approved Lenders Only**
- **Only completed applications will be accepted**



Questions

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Contact Information:

Community Development Dept.

3900 Main Street, 3rd Fl.

Riverside, CA 92522

(951)826-5649

www.riversideca.gov/housing/downpaymentassistance.asp

